BEFORE THE DIVISION OF INSURANCE

STATE OF COLORADO

FINAL AGENCY ORDER O-08-011

IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF CIGNA HEALTHCARE OF COLORADO, INC.,

Respondent

THIS MATTER comes before the Colorado Commissioner of Insurance (the "Commissioner") as a result of a market conduct examination conducted by the Colorado Division of Insurance (the "Division") of CIGNA HealthCare of Colorado, Inc. (the "Respondent"), pursuant to §§ 10-1-201 to 207, C.R.S. The Commissioner has considered and reviewed the market conduct examination report dated April 12, 2007 (the "Report"), relevant examiner work papers, all written submissions and rebuttals, and the recommendations of staff. The Commissioner finds and orders as follows:

FINDINGS OF FACT

1. At all relevant times, the Respondent was licensed by the Division as a health maintenance organization insurance company.

2. In accordance with §§ 10-1-201 to 207, C.R.S., on April 12, 2007, the Division completed a market conduct examination of the Respondent. The period of examination was January 1, 2005 to December 31, 2005.

3. In scheduling the market conduct examination and in determining its nature and scope, the Commissioner considered such matters as complaint analyses, underwriting and claims practices, pricing, product solicitation, policy form compliance, market share analyses, and other criteria as set forth in the most recent available edition of the examiners' handbook adopted by the National Association of Insurance Commissioners, as required by § 10-1-203(1), C.R.S.

4. In conducting the examination, the examiner observed those guidelines and procedures set forth in the most recent available edition of the examiners' handbook adopted by the National Association of Insurance Commissioners and the Colorado insurance examiners' handbook. The Commissioner also employed other guidelines and procedures that she deemed appropriate, pursuant to § 10-1-204(1), C.R.S.

5. The market conduct examiner prepared a Report. The Report is comprised of only the facts appearing upon the books, records, or other documents of the Respondent, its agents or other persons examined concerning Respondent's affairs. The Report contains the conclusions and recommendations that the examiner finds reasonably warranted based upon the facts.

6. Respondent delivered to the Division written submissions and rebuttals to the Report.

7. The Commissioner has fully considered and reviewed the Report, all of Respondent's submissions and rebuttals, and all relevant portions of the examiner's work papers.

CONCLUSIONS OF LAW AND ORDER

8. Unless expressly modified in this Final Agency Order ("Order"), the Commissioner adopts the facts, conclusions and recommendations contained in the Report. A copy of the Report is attached to the Order and is incorporated by reference.

9. Issue A1 concerns the following violation: Failure, in some cases, to maintain records required for market conduct purposes. The Respondent shall provide evidence that it has revised its procedures to ensure that all records required for market conduct examination purposes are maintained and provided in a timely manner in compliance with Colorado insurance law.

10. Issue E1 concerns the following violation: Failure to properly track member co-payments and co-payment maximums. The Respondent shall provide evidence that it has revised its forms to indicate that members do not carry the primary responsibility of maintaining records relating to co-payments and co-payment maximums to ensure compliance with Colorado insurance law.

11. Issue E2 concerns the following violation: Failure of forms to correctly define a "disabled dependent". The Respondent shall provide evidence that it has revised its forms to correctly reflect who qualifies as a disabled dependent to ensure compliance with Colorado insurance law.

12. Issue E3 concerns the following violation: Failure of forms to correctly describe the coverage to be provided for emergency medical services. The Respondent shall provide evidence that it has revised its forms to correctly describe the coverage provided for emergency medical services to ensure compliance with Colorado insurance law.

13. Issue E4 concerns the following violation: Failure of forms, in some instances, to provide and/or disclose mandated coverage for hospitalization and general anesthesia for dental procedures for dependent children. The Respondent shall provide evidence that it has revised its forms to correctly reflect the mandatory hospital and anesthesia benefits provided to dependent children for dental procedures to ensure compliance with Colorado insurance law. The Division's records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.

14. Issue E5 concerns the following violation: Failure to properly define and/or list the mandated transplant benefits in its Basic and Standard Health Benefit Plan certificates. The Respondent shall provide evidence that it has revised its forms to properly display all transplant benefits in its Basic and Standard Health Benefit Plan certificates to ensure compliance with Colorado insurance law.

15. Issue E6 concerns the following violation: Failure to properly title its Basic and Standard Health Benefit Plan certificates. The Respondent shall provide evidence that it has revised its forms to properly reflect the required title in its Basic and Standard Health Benefit Plan certificates to ensure compliance with Colorado insurance law.

16. Issue E7 concerns the following violation: Failure to use and title Basic Health Benefit Plan policy forms that are in compliance with Colorado insurance law. The Respondent shall provide evidence that it has revised its Basic Health Benefit Plan policy forms to ensure that they are properly titled and has removed any language that may be confusing to members in compliance with Colorado insurance law.

17. Issue E8 concerns the following violation: Failure of the Basic HMO forms, in some cases, to include all required preventive services. The Respondent shall provide evidence that it has revised its Basic HMO forms to include all required preventive services to ensure compliance with Colorado insurance law.

18. Issue J1 concerns the following violation: Failure, in some instances, to pay, deny, or settle claims within the time frames required by Colorado insurance law. The Respondent shall provide evidence that it has revised its procedures to ensure that all claims are paid, denied, or settled within the required time frames in compliance with Colorado insurance law.

19. Issue J2 concerns the following violation: Failure, in some instances, to pay interest and/or penalty on claims not processed within the time frames required by Colorado insurance law. The Respondent shall provide evidence that it has revised its procedures to ensure that interest is paid on

clean claims that are not paid, denied, or settled within the required time frames, and that except where fraud is involved, a penalty is paid on all claims not paid, denied, or settled within ninety (90) days after receipt in compliance with Colorado insurance law. Additionally, Respondent shall perform a self audit of all claims not processed within the required time frames, and pay any interest and/or penalties due to the appropriate policyholders for the time period beginning January 1, 2005 to August 10, 2007. Respondent shall submit a summary of the findings to the Division on or before November 8, 2007.

20. Issue J3 concerns the following violation: Failure, in some instances, to pay eligible claims. The Respondent shall provide evidence that it has reviewed and modified its quality controls to ensure that its claims processing staff avoids denying eligible claims to policyholders in compliance with Colorado insurance law.

21. Issue K1 concerns the following violation: Failure, in some instances, to provide written notification of standard utilization review adverse determinations. The Respondent shall provide evidence that it has revised its procedures to ensure that written notification is provided for all standard utilization review adverse determinations in compliance with Colorado insurance law.

22. Issue K2 concerns the following violation: Failure, in some instances, to include all required information in the written notice of first level appeal decisions. The Respondent shall provide evidence that it has revised its procedures to ensure that first level appeal decision notification letters include all required information in compliance with Colorado insurance law. The Division's records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.

23. Issue K3 concerns the following violation: Failure, in some instances, to provide the title and qualifying credentials of the physician reviewer in first level appeal notification letters. The Respondent shall provide evidence that it has revised its procedures to ensure that written notifications of first level appeal decisions contain all qualifying credential information in compliance with Colorado insurance law.

24. Issue K4 concerns the following violation: Failure, in some instances, to consult with an appropriate clinical peer in reviewing first level utilization review appeals. The Respondent shall provide evidence that it has revised its policies and procedures to ensure that utilization review first level appeals are in compliance with Colorado insurance law.

25. Issue K5 concerns the following violation: Failure to disclose and/or provide the names, titles and/or credentials of the voluntary second level utilization review panel. The Respondent shall provide evidence that it has revised its policies and procedures to ensure that its voluntary second level utilization review meets all required information in compliance with Colorado insurance law.

26. Issue K6 concerns the following violation: Failure, in some instances, to ensure that a majority of the voluntary second level appeal review panel is comprised of health care professionals with appropriate expertise. The Respondent shall provide evidence that its voluntary second level review panel includes a majority of persons who are health care professionals with appropriate expertise in relation to the case reviewed in compliance with Colorado insurance law.

27. Issue K7 concerns the following violation: Failure, in some instances, to provide notice of voluntary second level review scheduling to covered persons at least twenty (20) days prior to the scheduled review date. The Respondent shall provide evidence that it has revised its policies and procedures to ensure that covered persons are notified in writing at least twenty (20) days in advance of the second level review date in compliance with Colorado insurance law.

28. Issue K8 concerns the following violation: Failure, in some instances, to not discourage covered persons (or their representative) from requesting a face-to-face voluntary second level utilization review meeting. The Respondent shall provide evidence that it has revised its policies and procedures to ensure that it does not discourage covered persons (or their representative) from requesting and/or attending voluntary second level utilization review panel meetings in compliance with Colorado insurance law.

29. Pursuant to § 10-1-205(3)(d), C.R.S, the Respondent shall pay a civil penalty to the Division in the amount of two hundred seventeen thousand two hundred fifty and no/100 dollars ($217,250.00) for the cited violations of Colorado law. This fine was calculated in accordance with Division guidelines for assessing penalties and fines, including Division Bulletin No. B-1.3, originally issued on January 1, 1998, re-issued May 8, 2007.

30. Pursuant to § 10-1-205(4)(a), C.R.S., within sixty (60) days of the date of this Order, the Respondent shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related Order.

31. Unless otherwise specified in this Order, all requirements with this Order shall be completed within thirty (30) days of the date of this Order. Respondent shall submit written evidence of compliance with all requirements to the Division within the thirty (30) day time frame, except where Respondent has already complied, as specifically noted in the Order. Copies of any rate and form filings shall be provided to the rate and forms section with evidence of the filings sent to the market conduct section. All self audits, if any, shall be performed in accordance with Division's document, 'Guidelines for Self Audits Performed by Companies', presented at the market conduct examination exit meeting. Unless otherwise specified in this Order, all self audit reports must be received within ninety (90) days of the Order, including a summary of the findings and all monetary payments to covered persons.

32. This Order shall not prevent the Division from commencing future agency action relating to conduct of the Respondent not specifically addressed in the Report, not resolved according to the terms and conditions in this Order, or occurring before or after the examination period. Failure by the Respondent to comply with the terms of this Order may result in additional actions, penalties and sanctions, as provided for by law.

33. Copies of the examination report, and this final Order will be made available to the public no earlier than thirty (30) days after the date of this Order, subject to the requirements of § 10-1-205, C.R.S.

WHEREFORE: It is hereby ordered that the findings and conclusions contained in the Report dated April 12, 2007, are hereby adopted and filed and made an official record of this office, and the above Order is hereby approved this 10th day of August, 2007.

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Marcy Morrison
Commissioner of Insurance

CERTIFICATE OF MAILING

I hereby certify that on the 10th day of August, 2007, I caused to be deposited the **FINAL AGENCY ORDER NO. O-08-011 IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF CIGNA HEALTHCARE OF COLORADO, INC,** in the United States Mail via certified mailing with postage affixed and addressed to:

Mr. Daryl W. Edmunds, President
CIGNA HealthCare of Colorado, Inc.
3900 E. Mexico Ave., Ste. 1100
Denver, CO 80210

A.J. Charman, III, Compliance Manager
CIGNA HealthCare of Colorado, Inc.
Wilde Building, B6LPA
Hartford, CT 06152

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Dolores Arrington, AIE,AIRC,ACS,MA.
Market Regulation Section
Division of Insurance